London and the said Sponsorship carried out in 1996 involved foreign exchange to the tune of U.S. $ 3 million without the approval of RBI, investigations were carried out under the provisions of FERA. After issue of Show Cause Notice, adjudication proceedings were initiated. The Adjudicating Authority dropped the proceedings *vide* its order dated 10.1.2002. However, Review Petition has been filed before the Appellate Tribunal for Foreign Exchange against the order of the Adjudicating Authority.

(c) A case was registered by the Delhi Police on the complaint of the Directorate of Enforcement wherein it was stated that U.B. Bevrages submitted an intimation for sponsoring the event, referred to in the Question. The intimation was rejected by the Directorate of Enforcement on the ground that it was received after the date of event. In response M/s U.B. Beverages Ltd., took the plea that they have earlier submitted the intimation in time and produced the receipt of their intimation. The Directorate alleged that the signature and the stamp of Department of Economic Affairs of the Ministry of Finance affixed on the said letter were forged. During investigation, sufficient evidence could not come on record to effect the arrest and as such the case was filed by the Police as untraced, in the Court of M.M. Patiala House, New Delhi where the next date of hearing is fixed as 9.10.2003 on the report filed by Police.

**Fiscal reform pogramme for States**

2921. SHRI MURLI DEORA: Will the Minister of FINANCE be pleased to state:

(a) whether the 11th Finance Commission had recommended a monitorable fiscal reform programme for all the States;

(b) if so, the States which have adopted this programme;

(c) what incentive has been given to such States during the last three years, year-wise; and

(d) how far the fiscal deficit has been controlled as a result thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) Yes, Sir.

(b) Medium Term Fiscal Reforms Programme, so far, has been finalised for 22 States namely Andhra Pradesh, Arunachal Pradesh, Assam, Chhattisgarh, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, West Bengal and Uttar Pradesh.

(c) The details showing release from the Incentive Fund to the States during the year 2001-02, 2002-03 and 2003-04 (as on date) are given in the enclosed statement (*See* below).

(d) The Gross Fiscal Deficit of 29 States in the aggregate which stood at 4.72% of GDP in 1999-2000 has come down marginally to 3.83% by 2002-03 (RE/BE).

***Statement***

*Fiscal reform programme for States*
*Release of Incentive Fund to States as on Date*

(Rs. crore)

| | States | 2001-02 | 2002-03 | 2003-04 |
|---|---|---|---|---|
| | 1 | 2 | 3 | 4 |
| 1. | Andhra Pradesh | 47.94 | | |
| 2. | Arunachal Pradesh | 36.69 | 37.91 | |
| 3. | Assam | | 32.72 | |
| 4. | Bihar | | | |
| 5. | Chhattisgarh | | 35.15 | |
| 6. | Goa | | | |
| 7. | Gujarat | | | |
| 8. | Haryana | | | |
| 9. | Himachal Pradesh | 161.23 | | |
| 10. | Jammu & Kashmir | 321.84 | 344.98 | |
| 11. | Jharkhand | | | |
| 12. | Karnataka | 32.29 | | |
| 13. | Kerala | 23.52 | 40.92 | |
| 14. | Madhya Pradesh | | 33.08 | |
| 15. | Maharashtra | 55.55 | | |

| 1 | 2 | 3 | 4 |
|---|---|---|---|
| 16. Manipur | 54.38 | 55.32 | |
| 17. Meghalaya | | 103.34 | |
| 18. Mizoram | | | |
| 19. Nagaland | 97.22 | 102.08 | |
| 20. Onssa | 77.95 | | |
| 21. Punjab | | 57.56 | |
| 22. Rajasthan | 171.68 | | |
| 23. Sikkim | | 51.70 | |
| 24. Tamil Nadu | | 45.40 | |
| 25. Tripura | 73.99 | | 76.93 |
| 26. Uttar Pradesn | | | 405.10 |
| 27. Uttaranchal | | | |
| 28. West Bengal | 302.29 | 240.13 | |
| Tortal | 1456.57 | 1180.29 | 482.03 |

**Penalties on Auditors carrying on non-audit services**

2922. SHRI RAMA MUNI REDDY SIRIGIREDDY: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering of imposing stiff penalities on auditors carrying on non-audit services;

(b) whether the Ministry of Finance is also thinking of insertion of a new Section 226A to ensure that the statutory auditors or associates or subsidiaries affiliated endorse services other than auditing; and

(c) If so, the details thereof?

THE MINISTER OF FINANCE (SHRI JASWANT SINGH): (a) to (c) The Companies (Amendment) Bill, 2003, introduced in the Rajya Sabha on 7.5.2003, lists the non-audit services that should not be provided by auditors, and also the punishments if they provide the prohibited services. The prohibitions and penalities will depend on the form in which the amending Bill is finally passed by the Parliament.